GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3898
ANSWERED ON:17.08.2001
DISPOSAL OF INSURANCE CLAIMS
RAMPAL SINGH

Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to frame such rules under which the insurance claims will have to be disposed of within seven days on making available all the concerned documents;

(b) if so, the details thereof;

(c) whether penal provision is also proposed against the insurance companies which do not follow the above rules;

(d) if so, the details thereof; and

(e) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a)to(e): The Insurance Regulatory and Development Authority (IRDA) in terms of the powers conferred on it under IRDA Act,1999 (41 of 1999) has proposed to issue regulations entitled `Policyholders` rights and obligations`. One of the features of the proposed regulations relates to the settlement of claims by Insurance Companies within a stipulated time frame. In the case of the general insurance companies, both in private and public sectors, it is proposed that where all documents have been furnished to the insurer by the insured, if the claim is not settled within 7 days, interest will start accruing from the 8th day at the rate of 10% per annum. In the case of Life Insurance Corporation of India, there is already a provision to pay penal interest at the rate of 9% per annum on the entire claim amount for the period of delay.